

**1. MANDATORY REFORMS**

There will be two sets of mandatory reforms. Core reforms at ULB/Parastatal level aims at process re-engineering through deployment of technology to enable more efficient, reliable, timely services in a transparent manner. The other set of reforms are framework related at State level.

**1.1 Urban Local Body / Parastatal level Reforms**

- i. Adoption of modern, accrual-based double entry system of accounting in Urban Local Bodies/Parastatals
- ii. Introduction of system of e-governance using IT applications like, GIS and MIS for various services provided by ULBs/Parastatals.
- iii. Reform of property tax with GIS, so that it becomes major source of revenue for Urban Local Bodies (ULBs) and arrangements for its effective implementation so that collection efficiency reaches at least 85% within next seven years.
- iv. Levy of reasonable user charges by ULBs/Parastatals with the objective that full cost of operation and maintenance or recurring cost is collected within next seven years. However, cities/towns in North East and other special category States may recover at least 50% of operation & maintenance charges initially. These cities/towns should graduate to full O&M cost recovery in a phased manner.
- v. Internal earmarking within local body, budgets for basic services to the urban poor.
- vi. Provision of basic services to urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuing delivery of other already existing universal services of the Government for education, health and social security.

## 1.2 State Level Reforms

- i. Implementation of decentralization measures as envisaged in 74<sup>th</sup> Constitution Amendment Act. States should ensure meaningful association/engagement of ULBs in planning function of parastatals as well as delivery of services to the citizens.
- ii. \* Repeal of Urban Land Ceiling and Regulation Act.
- iii. \* Reform of Rent Control Laws balancing the interests of landlords and tenants.
- iv. Rationalisation of Stamp Duty to bring it down to no more than 5% within next seven years.
- v. Enactment of Public Disclosure Law to ensure preparation of medium-term fiscal plan of ULBs/Parastatals and release of quarterly performance information to all stakeholders.
- vi. Enactment of Community Participation Law to institutionalize citizen participation and introducing the concept of Area Sabha in urban areas.
- vii. Assigning or associating elected ULBs with “city planning function”. Over a period of seven years, transferring all special agencies that deliver civic services in urban areas to ULBs and creating accountability platforms for all urban civic service providers in transition.

**\* Note:** In respect of schemes relating to water supply and sanitation, the under mentioned State level mandatory reforms may be taken as optional reforms:-

- i. Repeal of Urban Land Ceiling Act
- ii. Reform of Rent Control Act

## 2. OPTIONAL REFORMS (Common to State and ULBs/Para-statals)

- i. Revision of bye-laws to streamline the approval process for construction of buildings, development of sites etc.
- ii. Simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes.
- iii. Introduction of Property Title Certification System in ULBs.
- iv. Earmarking at least 20-25% of developed land in all housing projects (both Public and Private Agencies) for EWS/LIG category with a system of cross subsidization.
- v. Introduction of computerized process of registration of land and property.
- vi. Revision of bye-laws to make rain water harvesting mandatory in all buildings and adoption of water conservation measures.
- vii. Bye-laws for reuse of recycled water.
- viii. Administrative reforms i.e. reduction in establishment by bringing out voluntary retirement schemes, non-filling up of posts falling vacant due to retirement etc., and achieving specified milestones in this regard.
- ix. Structural reforms
- x. Encouraging Public Private Partnership

- NOTE:**
1. Any two optional reforms to be implemented together by State & ULBs/Parastatals in each year.
  2. All the reforms (mandatory as well as optional) shall be implemented by State/ULB/Parastatal within the Mission period.

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